

# Council Papers

a Cooperative Community Council publication

Cycle 6 No 5, March, 1996

## News

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34th meeting  
of the CCC

## Features

Worker cooperatives  
repositioned  
A doctrine of the "moment"

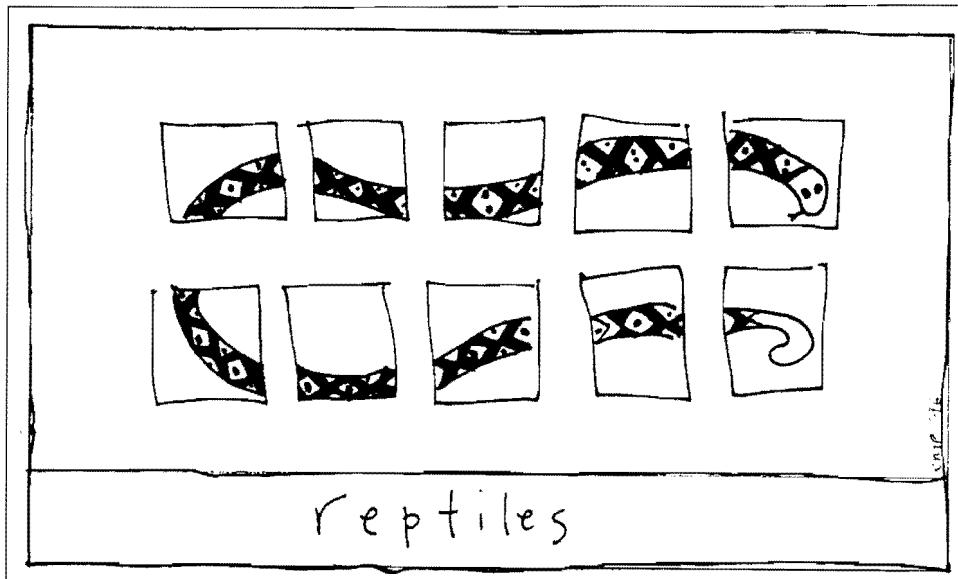
## Art

Graphics  
Car Tunes  
by Kerry Petherbridge

## Co-op enterprise project links to council

Mr. Anthony Jensen, Convenor of the Cooperative Enterprise Project based in Sydney, made a special visit to the region to attend the 34th CCC forum. His purpose was to brief the council on the progress of the Cooperative Enterprise Project, to gather input, and to invite further considered opinions on the draft Cooperative Enterprise Kits. The kits have been commissioned by the federal Department of Employment, Education and Training (DEET) for use by employment brokers, business advisers and by groups of unemployed people.

These kits are part of a broader strategy to reposition and promote worker cooperatives - enterprise cooperatives - as an option to meet a range of economic and social objectives. Anthony said that in reviewing



previous worker cooperative development initiatives it was evident that the approaches had been 'top down' and somewhat unsuccessful, and that it was necessary to "drop the ideology".

He said it is still possible to argue philosophically for employee co-ops but where they were "left of centre they are now a mainstream alternative way of incorporating a business".

Anthony informed the council that DEET is funding the production of two kits, with a distribution of 400 each. The kits are for use by unemployed clients and by business advisers respectively. A possible third kit is being considered on employee buy-outs and succession planning.

Anthony requests council input on developing a strategy to finesse the DEET initia-

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## CFQ looks to work with CCC and its associated co-ops

Jim Howard, Director Consulting with the CFQ (Cooperative Federation of Queensland), was invited to be in attendance at the council's 34th meeting. He expressed a desire to maintain good lines of communication between the CFQ and the CCC.

He spoke of the work he is presently doing for the CFQ in developing momentum for legislative change in Queensland. He is also instrumental in interstate and national efforts to improve the standing and performance of cooperatives.

Mr. Howard made the point that the CFQ for long, historical reasons is seen by the Government to represent the cooperative sector in Queensland. Because of this Mr. Howard requested that the CCC recommend to its associated cooperatives that they consider becoming members of the CFQ. The principle reason offered by Mr. Howard was that in this way support and agreement for legislative change by the community-based cooperatives can be demonstrated.

Council keeps sights on legislation changes - page 2

## NOTICE: Change of date for the 35th council meeting

The 35th meeting, previously and inadvertently scheduled for the Easter weekend, has been brought forward to Saturday March 30 at 1pm at the Secretariat, 39 St Johns Ave, Ashgrove, Brisbane. The CCC apologises for the late notice of this change and any inconvenience caused thereby.

# Minutes of the 34th CCC meeting

held 1 February, 1996  
at the Maleny Credit Union,  
Maple St, Maleny

Attendance: Jill Jordan, Anthony Esposito, Christine Zangari, Merv Partridge, Peter Pamment - Guests: Anthony Jensen, Sarah Jensen, Jim Howard, Peter Erdman

Apologies: Paul Monsour, Ann Jupp, Rosanne Brown

Facilitator: Anthony Esposito

Minute-taker: Christine Zangari

## Agenda

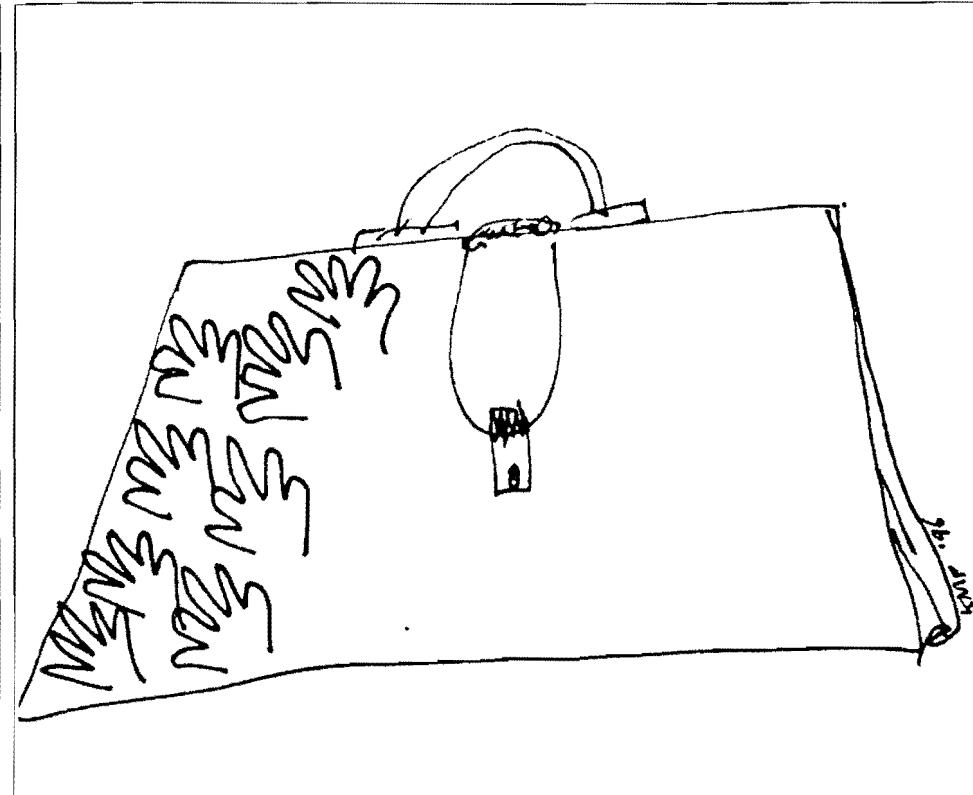
1. Minutes of the 32nd and 33rd meetings
2. Cooperative enterprise project and kit
3. Cooperative Federation of Queensland relations
4. The '96 co-op education weekend and events review
5. Legislative change matters
6. Community capital
7. Membership growth, networking and associates
8. CCC Finances
9. Correspondence, updates, misc., etc.

## Acceptance of the minutes of the 32nd and 33rd meetings

Acceptance of the minutes of the CCC's 32nd and 33rd meetings was moved by Anthony Esposito, seconded by Jill Jordan and carried.

## Council Papers

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## Council finances reviewed

Anthony Esposito highlighted the current financial position of the council, stating that a small top-up to funds would be needed to produce the next set of council papers. This was also the case with the last set, he noted.

He said that this had arisen because there was less surplus available from the '95 co-op education weekend, which we generally rely upon, and that "we have been trying to do more with less". The format of the council papers has expanded and we are giving out a few more free copies than was initially planned, including to the NSW registry.

It was pointed out by Paul Monsour that the small surplus from the last education event was used to run the survey. He said that he and Anthony had produced a tight budget for the '96 event and were expecting a reasonably healthy return to the council. The council assessed the costs associated

with the council papers, its principle expenditure, and decided that when the next annual subscriptions are due there should be an increase in the fee. A proposal "to increase the annual membership or associate fees from \$10 to \$20" was moved by Jill Jordan, seconded by Christine Zangari and carried by consensus.

Peter Pamment advised the council that the Maleny Credit Union now had cheque accounts available and moved "that the CCC open an account with the Maleny Credit Union". It was agreed that Peter will do the paperwork, that the signatories will be Anthony, Christine and Peter and that the authorities to the account will be these people and Jill. This was seconded by Anthony Esposito and carried by consensus.

As a final point it was agreed to promote the benefits of council membership to the co-ops on the free list to encourage them to become paid-up associates.

## Co-op enterprise project links to CCC

*continued from page 1*  
tive into the Queensland context with its current legislation requiring 25 people to start a co-op. This is regarded as an unhelpful number for starting enterprise co-ops.

Anthony said that the kits would start from the base of cooperative values and principles and lead to incorporation options. The pros and cons of partnerships,

companies limited by guarantee, cooperatives proper and associations, along with taxation and differing state support mechanisms were discussed.

The provision of training with cooperative value specific training was also looked at. Anthony Jensen expressed an interest in the council being seen as a training provider on cooperative competencies.

# Council keeps its sights on legislation changes

The council has agreed that the present constitutes the best opportunity it has seen yet for legislative change. It is determined to continue to develop detailed responses on key issues effecting community cooperatives. The council is placing itself strategically with a view to the possible process of reform and will actively seek to involve other co-ops.

It is agreed that the council needs, and is willing to participate in, consultations with the Cooperative Federation. Jim Howard's approaches have been welcomed and it is decided to write expressing our agreement to be involved in the CFQ's consultations.

To strengthen the connection it is approved that the CCC will apply for membership of the Federation. This matter was moved by Peter Pamment, seconded by Merv Partridge and decided by consensus.

It was affirmed that this decision would not be likely to compromise the council's

## Interest expressed in community capital ideas

Peter Pamment informed the council that Peter Gates, of the Endeavour Credit Union, is seeking to hold a discussion later in the year on the concept of community capital.

Jill asks about input from the council. Peter will represent the council on this if appropriate. The discussion is intended to be about the broad ideas linking of community capital with credit unions and not to look at detailed proposals.

Peter says that it stems from Endeavour trying to be a model of cooperation in credit unions.

## Openings for new members in council

Anthony reiterated several matters he had raised about membership of the council.

He has noted that active membership of the council has been constant for some time now and has asked that there be a debate in the council to make explicit: whether there are limits on membership numbers and what they are; and whether we should actively seek new members, and if so how and where.

He says that the membership of the council developed parallel with the early phase growth of the community co-ops and that council members were drawn from amongst key active members of those co-ops.

autonomy and that we will reserve the right to lobby government independently of the CFQ. This will be communicated to Jim Howard.

Several other communication initiatives were set up. These are: to build on our contacts with the NSW registry, particularly over the interstate division provisions; write to the minister and shadow minister again; advise the registrar, Paul Kerr, that his suggested contact between the CCC and the CFQ was taken up, and thank him; work with Anthony Jensen to see if DEET can be enlisted to support legislation change for the Cooperative Enterprise Project; and, ensure that the State Employment, Education and Training Minister is aware of the moves to change the co-op's legislation.

In addition to these, it was decided to send letters to the CCC associated co-ops about Jim Howard's request regarding membership of the Federation in support of legislative change.

The letter will advise co-ops that the council is working with the CFQ, that their continued association with the council is encouraged to help strengthen the community co-op sector, and that they may wish to consider membership of the CFQ also.

It was decided to reactivate the council's legislation working group of Anthony, Jill and Merv, with new members when decided.

Finally, it was agreed that the article in the last council papers by Anthony Esposito, "1967 - An intended effect?" was a valuable aid to our awareness on the current Act. Peter Pamment moved "congratulations to Anthony on the article". The motion was supported by consensus.

## CCC's 1996 Education event shaping up positively

### Cooperative educational development has a strong base

A brief report on the progress of organising the next education event was made and a document detailing all planning and process matters was tabled. Paul, Anthony and Christine all spoke on how positively this event is shaping up.

They drew the council's attention to some of the policy aspects of the planning document, particularly those relating to ongoing development of the educational base and the review process.

On content it was noted that there has always been a fairly consultative approach to needs assessment and programme drafting and that this was greatly facilitated by the survey process this year.

On direction of the events the past foci were described. These include: meeting both education and training requirements; catering for new cooperators and 'old timers'; balancing formal and informal sessions (work and play); recognising the importance of free time and socialising; choosing topical and perennial issues through the network; creating support groups; quality of information exchanged; and, networking and self-organisation.

The working group have also introduced several new foci for consideration. These are: a statement of aims for the events; ensuring a low pressure format; making a renewing and relaxing event; action learning; meeting movement and community needs through a formal CCC process (e.g. survey); establishing a broader cooperative curriculum that can also be used at the education events; collaborative process design; and, openings for new initiatives.

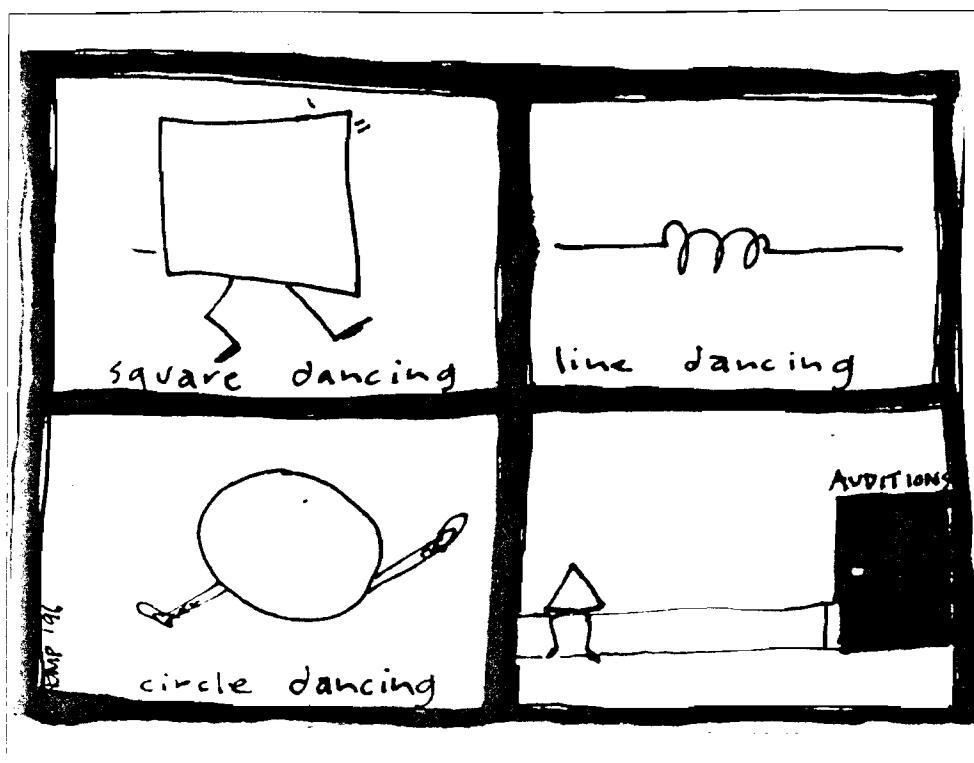
It was agreed that the solid base constituted by the education events lends itself to further cooperative education development with a wider perspective than the education weekends and including packages of course material; fee for service courses marketed to co-ops; and, collaboration with Community Works, building on the cooperative education strategy group groundwork.



# Cooperative enterprise project - special report

## Worker cooperatives repositioned

by Anthony Jensen



Cooperative enterprises have been brought into focus by a landmark change in July 1995 to the Social Security Act. It was amended to include cooperative formation as an approved Job Search activity. This is a key departure point giving national recognition that cooperatives have a role to play in addressing one of the major issues in our society during an era of drastic transformation.

Unemployment is not the only reason why cooperative enterprises have come into focus. Our right to work, to be recognised for what we do, to self-actualise through work, reflects a new approach to organisational structure where relationships precede tasks and inclusion of people is paramount. The cooperative embodies these values.

The history of cooperatives in Australia is caught up in a paradox: we have a developed country with an underdeveloped cooperative movement. In the 1890's there were 100 craft cooperatives in Australia. They collapsed together with all other major business activity during the depression of that decade. By Federation in 1901, Australia embraced the principles of a mutual society. The Commonwealth of Australia, the Com-

monwealth bank, the Arbitration System) to such an extent that the idea of a cooperative common-wealth was appropriated by the state.

Nothing exemplifies this more clearly than the vision of the Reserve Bank of Australia which was established in 1960 with the Charter "It is the Duty of the Board within the limits of its powers to ensure that the monetary and banking policy of the bank is directed to the greatest advantage of the people of Australia" and "will best contribute to: 1. the stability of the currency of Australia, 2. the maintenance of full employment, and 3. the economic prosperity and welfare of the people of Australia.

During the Whitlam era in the 1970's as a result of anti-authoritarian protest movements and the rise of unemployment, the notion of worker cooperatives re-emerged. This led to the NSW Worker Cooperative Programme from 1978 to 1988; a top down strategy designed to play a role in industrial restructuring but which did not ignite a social movement.

It is clear that cooperative formation is unlikely to occur rapidly unless we understand a development model and support it

with good public policy and resources. The Develttere model on how cooperatives emerge as a social movement highlights a three point process which is grounded in action, integrated with a supporting rationality and supported by its own organisational structure.

The model suggests that a cooperative social movement emerges when a group uses a form of economic organisation (cooperative) to defend the interests of the group which are endangered if the members do not act cooperatively (ideology). The involvement of the group is paramount (praxis).

There are two extremes: central cooperative movements, where the cooperative process has been a focal point around which collective action is centred, such as Mondragon in the Basque region of Spain, or Maleny in south-east Queensland, and peripheral movements, which are created by other social movements to achieve their goals and function alongside the central movement, for example trade unions and the Histadrut in Israel.

### Positioning the cooperative enterprise

Everything we do [in advancing a cooperative enterprise movement in Australia] must be viable and enterprising, addressing the issues of jobs, best practice, sustainability and democracy. It should be set in the framework of the Karpin report, "Enterprising Nation", emphasising Australian economic and social evolution in terms of multi-culturalism, environmental protection and the feminisation of management.

Cooperative enterprises are aligned with the policy of competition as defined in the Hilmer report. They need to be seen as complimentary to a policy of competitiveness in the Australian economy, noting at the same time, for example, the emerging policies of the European Union on the Social Economy, which state that companies should be responsible to the communities in which they operate and serve.

The cooperative enterprise represents the repositioning of industrial capitalism, entering a new phase in its evolution from a focus on land as an agrarian based society,

to one based on capital formation in an industrial society, to the development in the 1990's of human intellectual resources, valuing people, and their integration and inclusion as the primary means of accelerating business.

Organisations that are not integrated in the way they do business, that don't dignify the people that work in them and that aren't concerned about the effects of production on the environment will not be part of the economic landscape in the next century. Ethics and profits go together. They are a natural fit for the future. Unethical organisations will not, and should not, be profitable.

The [cooperative enterprise project is about] sustainable economic and community development ... [not] ... building a new factory system. To achieve sustainable development, we need to address and unify the complex and interlocking environmental, social and economic systems in our communities.

The cooperative enterprise model is a critical part of that strategic planning process because it highlights citizen involvement, local self-sufficiency and ecological solutions.

Many people are now working out of their homes or will remain long term unemployed. The cooperative enterprise model offers these people the opportunity to team together and build networks, creating a synergy of business activity that cannot occur for each individual in isolation.

The emerging economy is one in which companies and households outsource non-core activities creating 3-4 million jobs by 2040. This is the clever revolution and in this context the cooperative enterprise is the linkage for outside contractors.

The Commonwealth Department of Social Security has become proactive in this structural change process in supporting cooperatives, developing a community internet for the unemployed to network to seek out those who may wish to form a cooperative. It also supports the community based trading system - LETS.

The cooperative enterprise project task is to provide the cooperative option for people making the decision to go into business in the dynamic areas for small to medium sized enterprise formations such as communications, media, culture, publishing, retailing, health services, child care, and 'new era' agriculture.

This is an edited text from a presentation to the Cooperative Key Issues Conference.

## The Cooperative Enterprise Task Force

In mid 1994 the Cooperative Enterprise Task Force was convened to examine how to increase the rate of formation of viable worker cooperatives in NSW. Later the focus of the Task Force was extended to include other cooperative enterprises.

The task force saw three pathways to cooperative formation. One was to offer the cooperative model, with advice and experience, in a package that would help unemployed people create their own cooperative business. The second priority was to position a new cooperative model in the mainstream economy alongside other business structures for enterprise formation. Third, ownership transfer and employee buyout in the secession planning process for businesses was seen as an important area for cooperatives.

The Task Force held a series of meetings in late 1994 with people representing a range of interests and out of these consultations a number of activities emerged.

A Cooperative Enterprise Pack currently being developed is to be distributed to professional business advisers, community workers and for those currently looking at cooperatives and employee buyouts. This is the strategy to create awareness and enthusiasm for the cooperative model. It is to be field tested through a network of Business Enterprise Centres, Community Project Officers and business professionals.

Obtaining finance has always been a problem for new businesses including cooperatives. New hybrid structures and Cooperative Capital Units (C.C.U.'s) need to be clearly defined for the cooperative model to be able to cover a wide range of circumstances. The Task Force has begun a project with Price Waterhouse to explore these issues.

To bring all these ideas together and expose them to a larger group and to develop a strategic plan a 'Work In Progress' workshop was held. The aim was also to receive position papers from Professor Thomas Clarke (Leeds University) and Professor Stuart Clegg (University of Western Sydney) and then have a number of focus groups, from a wide range of community interests, discuss two key issues arising from these papers:

1 What are the changes going on in society which open up opportunities for employee owned cooperative enterprises?

2 What the cooperative movement must do to launch into this scenario?

Professor Clarke in his keynote address argued that worker cooperatives, sometimes despised because of their radicalism and desperation in the labour market, need to be reassessed in the light of emerging industrial trends.

Cooperative values, espoused for 150 years, are now fundamental to contemporary industrial practices and are no longer as absurd as they once appeared:

- equity transfer to employees,
- cooperative and participatory work practices,
- small/medium sized business formations,
- worker influence,
- service to customer, and
- closeness to the community which it respects and to which it responds.

Clarke emphasised that cooperatives are a viable alternative to family firms, sole traderships and partnerships. He argued that in the prevailing management paradigm of seeking continuous improvement to survive and prosper it is the small and medium sized businesses which are leading the way and cooperatives are an ideal structure for this trend. The growing parts of our economy are the parts cooperatives are most suitable for.

Stewart Clegg took up the theme of how to cultivate as new cooperatives the embryonic industries that are emerging in the new areas of technology, culture, environment, professions - the very people oriented industries of the 1990s.

Clegg set the scene. The cooperative managed form of an employee owned enterprise is particularly appropriate for organisations in embryonic industry. This is because innovation is not just technical; it is also organisational, managerial and cultural. He concludes that effective innovation harnesses the technical development with the social system that can best deliver them to the markets.

Cooperatives are a structure well suited to this task because an organisation which has learned to manage its internal culture cooperatively, will be best equipped to manage its external environment. The external environment is seen as an enterprise which is linked in chains, networks, clusters and strategic alliances. The delivery of the product is a cooperative venture whereby the system is refined, waste restricted and productivity increased.

It seems clear to the Task Force that there is a wide interest in the cooperative enterprise model in a number of federal and state departments as well as with community workers and business advisers.

It is important for resources to be obtained for this project for interest to be turned into viable cooperatives which are empowering their members, securing their employment and creating jobs.

**Anthony Jensen. Convenor.**

# A doctrine of the "moment"

## Cooperative identity - part of Australian culture

by Dr. Gary Lewis

It is often said that Australians are too individualistic to be good cooperators. The historical record suggests otherwise. Australians have been very adept at cooperating since early colonial days and cooperation has achieved much for Australia.

Defining Australian culture is not a straightforward matter. Springing originally from British cultural traditions, our nation has evolved through a cultural 'cringe' towards a confident multiculturalism drawing on a diverse background of ideas, beliefs, values and knowledge, informing our social actions. One thing is clear however, cooperation and cooperatives have been and continue to be, an important part of this tradition.

Long before Europeans began arriving in the late eighteenth century, traditions of cooperation existed in Australia, located in the enduring experience of Aboriginal hunter-gatherers. Europeans introduced ideas of cooperation drawing upon agricultural and proto-industrial experiences, and as the penal colony gave way to democracy, began applying imported cooperative methods to problem solving in the new land.

In the 1820's, the colonial administration faced the problem of settling emancipists at low cost in self-sufficient rural communities. Cooperative methods were tried in the Hunter Valley of New South Wales drawing on the ideas of Robert Owen, the British industrialist who had developed 'model communities' in Europe and the United States. Drought, fire and distance proved the downfall of this idea.

In the 1830's, when the first waves of free immigrants began arriving in numbers, many confronted the problem of competing with convict or emancipist

labour. Some cooperated in their particular craft or industry, distributing benefits equitably in order to maintain British living standards. They formed bakeries, mills, quarries, newspapers, workshops, boatbuilding works, boot-making shops and brick-making and construction works. Some organised cooperative stores to overcome shortages and profiteering. Others tried market gardening.

In the 1840's, with the colonial imagination turning to suffrage and nationhood, a tiny Sydney cooperative movement, inspired by Robert Owen, provided an important forum for debate on questions of democratic representation, economic reform and industrial relations. Some believed that a broader application of Owen's ideas could create a 'Cooperative Commonwealth of Australia', where labour and capital were in harmony, and not inimical to each other.

Few of these early Australian cooperatives lasted for any length of time. This was not because of deficiencies in cooperative theory, although critics claimed this, but because of ignorance of cooperation, inexperience, and unhelpful legislation. Neither were there in Australia the densely populated sedentary communities of Europe where cooperatives might be expected to flourish.

Nevertheless, the concept of 'self-help' in democratic association for the achievement of mutually desirable goals - mutualism - took root.

Clubs, associations and lodges proliferated, forging community bonds and serving as foci of community development. Hundreds of Friendly, Provident and Benevolent Societies formed to assist people through illness, injury and other misfortune. So-

cieties of the trades developed to give workers greater bargaining power in negotiations with the employers and to provide access to tools of trade. These mutualistic associations evolved into major economic and political forces in Australia, outgrowing the cooperative cradle from which they emerged, developing separately from the cooperative movement.

In the late 1840's, home-seekers began cooperating in housing and finance cooperatives: the Permanent Building Societies, Terminating Building Societies and Starr-Bowkett Societies; all ideas imported from Britain. Generally, wage and salary earners cooperated in a building society with civic-minded philanthropists, clergymen, proprietors and professional groups who shared the common goals of community development and stable populations from which townships and suburbs might grow. Hundreds of building societies formed in rural and suburban areas helping to give Australia its peculiar 'urban face'. Many of these failed in the great financial and industrial crisis of the 1890's but no more so than other types of business.

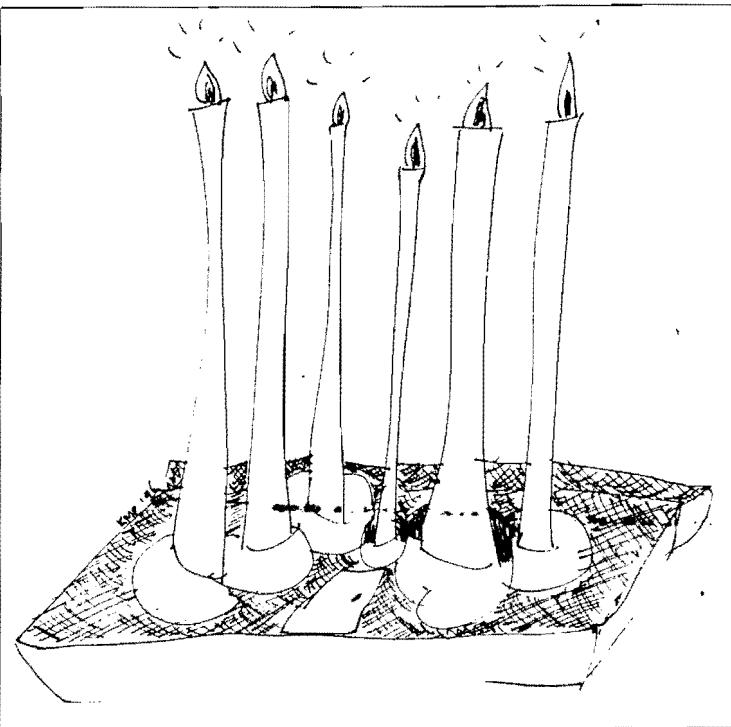
In the 1850's several attempts were made to form production cooperatives as a job-creation device. Only modest success is recorded. Production cooperation is one of the most difficult forms of cooperation to achieve. However, European gold-diggers cooperated to compete successfully with communally-organised Chinese prospectors and some cooperative quarries and stone masons achieved positive results.

In the 1860's British working-class immigrants solved the problem of exploitative shopkeepers by forming cooperative

stores and dividing the benefits equitably. Hundreds of such stores, employing methods perfected by the Rochdale Pioneers of Lancashire, developed throughout Australia. Many became important social and cultural centres in isolated and tight-knit working-class communities. The Rochdale consumer movement dominated the Australian cooperative movement until the 1950's but failed to adapt to changing conditions after World War Two and slipped into decay.

As Rochdale stores and building societies burgeoned through the 1870's, primary producers also began experimenting with cooperation. At first they were very cautious about this 'radical' idea borrowed from industrial workers and untried among farmers. But technological change, particularly in the dairy industry, land pressures and the impact of 'middle men' on farmer returns convinced even the most sceptical that it was an idea worth trying. Within two decades, significant sections of Australian primary industry were cooperatively organised. Important cooperative national and international trading systems were in place and farmer cooperatives had begun to develop secondary and tertiary economic functions. Farmer cooperatives became an intrinsic part of many rural communities, an enduring feature of rural cultural identity.

In the industrial turmoil and unemployment of the 1890's, cooperators argued cooperation as a solution to unproductive antagonism in capitalist relations (as a previous generation of cooperators had done in the 1840's). However, workers endorsed the emerging Labour Party and legislative processes of reform, collaborating with



the employers in a judicially arbitrated system of industrial relations, lasting until recent times. Governments did sponsor cooperative settlements in the fight against unemployment but largely due to government ineptitude and settler inexperience, few succeeded. Some, however, formed the nuclei of important primary industries which survive today, particularly along the Murray river.

In the first decade of federation, former colonies began the task of cooperating in a federal system of constitutional power-sharing. A great debate raged at industry and political levels about the relative merits of industry self-management and statutory regulation. World War One saw the introduction by the Commonwealth Government of compulsory emergency powers, giving a fillip to the regulatory argument.

In the interwar period, notwithstanding efforts by some industries to return to a deregulated regime, statutory marketing authorities and other regulatory and protectionist bodies gained strength, significantly reducing the field for cooperative activity and setting the shape of modern Australian industry for much of the twentieth century. Some State governments did encourage coopera-

tion as a means of improving productivity in primary industry, arresting an urban drift and paying off debts incurred in the War, but this was confined to a State level and did not achieve national significance.

Surprisingly few attempts were made to develop production cooperatives in the Great Depression of the 1930's. Probable reasons were a lack of cooperative resources, the moribund nature of markets and suspicion on the part of Union officials about cooperatives competing with members for such work as existed. Indeed, one Trade union banned members from forming cooperatives.

Nevertheless, through the Depression and after, young idealists and pacifists espoused co-operation as an antidote to war, economic depression and unemployment. Feminists argued cooperation as germane to a women's movement; a 'women's way' of managing economic affairs. Idealists described co-operation as a 'middle way' to a 'Cooperative Commonwealth'.

When the worst of the Depression had passed, some State governments encouraged building societies as a means of overcoming homelessness, lack of investment in housing and sub-standard housing. A renaissance in building societies com-

menced from which a national building society movement grew, producing some of Australia's greatest financial institutions and providing banks with real competition in housing finance.

In the immediate post-World War Two period another great wave of cooperative activity began in the form of credit unions. Credit union cooperators were committed to thrift, economic self-management and service in the interests of others. Workers, many ex-service personnel or active in church work, cooperated to defeat loan sharks charging usurious rates for personal loans and to help each other improve living standards. Emerging from humble origins, credit unions evolved in later decades to involve millions of Australians, significantly decentralising and democratising the ownership of wealth, moulding the shape of the consumer finance industry, and performing a 'watchdog' role in consumer's interests.

Since World War Two, cooperatives in their many forms have continued to make a major contribution to Australian economic and social life. However, the goal of a distinctive, unified cooperative movement has been elusive and the cooperative sector remains relatively fragmented.

From this brief overview of the several streams of cooperative activity in Australian history, we may conclude that people have formed cooperatives for multifarious reasons, including: providing necessary goods and services; achieving just rewards; improving living standards; developing communities; pioneering new industries; creating employment; improving productivity; enhancing competitiveness; distributing wealth equitably; engendering a sense of social fulfilment through association with others in the achievement of common goals; constructing an alternative to regulatory control; affirming principles of democratic self-management; achieving a meas-

ure of economic independence; and expanding the democratic base of industry.

Where people have selected cooperation as a sensible way of managing their economic and social affairs, they have done so on the basis of a long established and successful record of cooperative achievement.

Cooperatives have shown a propensity for tapping dormant community resources and converting these into productive economic activity. Decentralised in nature, comprising autonomous democratic entities, cooperatives have played a major role in Australia's regional and urban development, serving to create and retain capital in the local area, injecting wealth into local communities, stimulating general economic activity, encouraging employment and channelling wealth into additional business activity.

Many hundreds of Australian communities have evolved with a cooperative or cooperatives at their heart. People have cooperated to build local and regional businesses and industries in situations where the private-profit sector or governments have been unwilling or unable. Cooperatives have helped construct industries where no industry might otherwise have existed in an Australia characterised by the tyranny of distance. There are numerous examples of this in the dairy, wheat, grain, rice, wine, fishing, fruit and vegetable, livestock, herd improvement, cane and many other primary industries.

Prosperous suburbs and rural communities have grown around a local 'cooperative movement' of consumer and agricultural cooperatives, building societies, credit unions, community advancement and consumer service cooperatives. Where cooperatives have frequently been unable to cooperate, for internal political or external legislative reasons, individuals have 'cooperated' cooperatives in their economic affairs; being members of a number of cooperatives, serv-

ing different functions, for example.

Because of earlier neglect by historians, cooperatives have not received the acclaim they deserve. Australians can be proud of their achievements in democratic cooperative industry, which on a *per capita* basis, rank with the best in the world.

A study of cooperative history confirms there is more to cooperation than activity occurring within cooperatives. Cooperation happens in the informal daily routine of people going about their normal business. Cooperation between institutions and economic units is essential to the functioning of our political economy. Without co-operation between States and nations, trade would be impossible. Cooperation is an integral part of our lives and an important feature of our behaviour. Cooperatives are simply vehicles for giving expression to cooperative tendencies in social intercourse, industry and commerce.

The best competitors are cooperators. Taking the analogy of team sports, brilliant individuals cooperate to optimise effectiveness on the sporting field. The gifted individual can achieve little in competition without the cooperation of fellow team members. It may be that a broader application of *laissez-faire* principles will converge productively with cooperative principles. But it is not the business of the historian to be conjecturing - this is a matter for public policy-makers.

We do know, however, that cooperation has historically presented as a credible alternative theoretical framework to *laissez-faire* individualism, on the one hand, and collectivist egalitarianism, on the other. Each paradigm, theoretically, is designed to achieve benefits for people.

*Laissez-faire* theories have assumed a 'trickle down' effect,

increasing public wealth and well-being through the rational allocation of economic resources. Collectivist theories have argued that the common good is best served by strong government intervention in economic activity and institutions formulated to achieve this end.

Cooperative theories have held that individual self-interest and community goals are best served through democratic association and the equitable distribution of

cooperatives have not been concerned with profitability or sound management theory, only that their methods and priorities have varied from those of non-cooperative competitors. This distinctive cooperative ethos has provided a countervailing influence against unbridled self-interest.

It remains true, nonetheless, that Australians have tended to employ the cooperative option only as a last resort; the 'alterna-

something quite literally 'out of the blue'. This has only been possible because of a generally poor understanding of history permeating Australian society. All too frequently, 'experts' with no knowledge of cooperative history or theory have been appointed to advise governments and policy-makers on possible applications for cooperative methods. Research is often confined to sources perpetuating myths about cooperation, to the

cooperative sector itself, or to technocrats, frequently producing a 'top down' analysis. Various reasons for this have included: failure to engage adequately in policy formation those people whose needs might best be served by cooperative methods; the concerns of narrow sectional interest groups in the cooperative movement; failing to understand that Australians are reluctant to cooper-

ate when they cannot perceive real, practical benefits from doing so; political considerations; and misreading the historical 'moment'.

There are 'moments' in history conducive to cooperative activity and 'moments' when cooperative development is difficult. The fortunes of the cooperative sector ebb and flow, like all sections of industry. There have been 'golden' and 'dark' ages. Cooperative traditions have largely disappeared under certain conditions, only to reappear when circumstances are conducive, even decades later.

Occasionally, governments have been astute in detecting conducive 'moments'. For example, when State governments in the 1930's acted to encourage building societies, notwithstanding the crash of the 1890's, they correctly assessed that conditions after the Great Depression were suitable for a revival. In the 1940's and 1950's, when some State governments encouraged credit unions, even though



economic and social rewards so accruing on a patronage basis. Cooperation has been a "Cinderella" in this family of ideas.

At all stages of their evolution Australian cooperatives have competed with the private-profit and governmental alternatives, generally lacking the resources of these two giants. The environment for cooperatives has seldom been benign and they have traditionally been forced to compete cleverly for market space, justifying their existence. Great agricultural cooperatives, for example, have always been outward looking and export oriented in intensely competitive foreign markets. Building societies and credit unions have functioned successfully at the very heart of one of the most competitive of industries - the finance industry.

Because cooperatives are about providing services for members and not geared to profits, they have historically been people-focused. They have a social function. This does not mean that

tive' when no other alternative exists. We have preferred to leave economic risk-taking to the private-profit sector and the responsibility for solving social and economic ills, to governments. Possible historical reasons for this include: ignorance of cooperative methods reinforced by a neglect of cooperative studies in institutes of research, education and curriculum development; failure by the cooperative movement to invest adequately in the education of constituents, governments, media, professional groups and the public in cooperative methods and achievements; a 'bad press' in the literature at the hands of ideological opponents; unhelpful legislation; and an induced passivity on the part of ordinary folk who feel powerless to take charge of their economic and social lives.

Such conditions continue largely unaltered today.

It is curious to note how in cooperative history, cooperation is periodically 'rediscovered' by governments and the media, as

# Communications

## **Graham Munday** **Registry of Cooperatives, NSW**

Thank you for forwarding your package of information to Gary Cronan at the Registry in November last year. As we discussed I've enclosed several event listing forms for the Calander.

If you could complete them by mid-February that would assist us with the production of the 1996 Calander. Enclosed for your information is our latest "Cooperation" issue.

Regards. Graham Munday

*Note: The event lisiting form was sent back advising of the dates of the '96 Cooperative Education Weekend and the bi-monthly council meetings.*

*Articles from "Cooperation" with a particular 'communications' focus are reprinted here.*

## **Internet and cooperatives**

With the development of communications and computer technology, sharing information has become so much easier and quicker that no person or organisation can operate in isolation today. true globalisation of the world is almost here in the sense that any person, with appropriate equipment of course, could find information, seek assistance or discuss issues with another person from any part of the world. Application of such technology would be wide and varied leading to dramatic changing of life-styles.

Bill Gates, Chairman of Microsoft Corporation, outlined a few changes arising from advanced technology in a recent address in Sydney. In his vision, you would be able to buy all your daily requirements from home using a computer; your health records would be available in an instant to any doctor in case of an emergency through a computer network; and you would be educated without going to a school, just by logging into an educational network.

The business world will be quick to gain advantage of such technological advancements. Already some business deals are done without and cumbersome paper work, with millions of dollars being transferred electronically. In these rapidly changing circumstances, it is necessary to keep abreast of the other developments and use technology to our benefit.

All these changes originate from the ability to 'network' computers, i.e. linking two or more computers through a communications medium, enabling exchanging of data between computers. This ability has been extended to cover the whole world, using the existing system of telephone cables, resulting in numerous networks being connected. Ultimnately, the several global networks were linked, creating a 'network of networks' - the Internet.

Internet provides cheap communications methods for discussions of issues on a global basis. It is used to discuss specific issues; to seek comments on unpublished papers by researchers; to gather data from a variety of sources; and to seek advice on methodologies to be adopted. In short, it provides access to a wider audience of persons interested in similar issues and topics.

Within the inetrnet, there are numerous newsgroups (or conferences) - a collection of messages or items related to a particular topic. Any person having access to the newsgroup can post, read and reply messages on the topic.

An Internet newsgroup (a Pegasus conference) for Australian Cooperatives has been established, which could be vistied electronically by all cooperatives having access to Internet. The newsgroup will be administered by the NSW Registry of Cooperatives.

The name of the newsgroup is:  
dlgc.ausco-op

The purpose of the newsgroup is to:  
Exchnage information on cooperative activities;

Discuss issues relevant to cooperatives;  
Access data, information on current topics and best practices; and

Communicate with other cooperatives and service providers.

target groups for the newsgroup consists of Australian cooperatives; cooperative representative organisations; service providers; Government departments; Universities, research organistaions, et cetera.

All cooperatives are invited to use this newsgroup to communicate, to dicuss common issues and to develop inks with other cooperatives around Australia.

For more details, contact Gary Cronan (Tel: (02) 793 0525) or send email to [co-opsnsw@peg.pegasus.oz.au](mailto:co-opsnsw@peg.pegasus.oz.au).

**By Jayo Wickremarachchi.**

**Registry of NSW**

## **A national source of information**

A new specialist national publication servicing the needs of Australian cooperatives has been launched. The newsletter will cover the folowing range of issues relevant to the cooperative movement.

A national publication will:

Provide a forum for an exchange of views by those within the cooperative sector;

Support the development and evolution of cooperatives in Australia, in line with the principles of cooperation;

Disseminate information to and about the cooperative movement - across industries and internationally;

Raise the profile of the cooperative movement.

In keeping with the spirit of the cooperative movement, the publishers are seeking the involvement of cooperative mebers in the newsletter.

If you would like more details about the publication, please call Chris Greenwood or Anne Burgi on (03) 9576 1510.

### **What's in store**

In all areas of business, 'information over-load' is a real issue. This newsletter will enable you to quickly and efficiently keep up-to-date with the issues affecting your cooperative and the cooperative movement.

Regular sections will cover the latest in cooperative research and analysis, business news and developments effecting the cooperative sector.

The newsletter will keep a watching brief on onternational news and views relevant to the Australian environment.

Special features will focus on issues such as member relations, corporate governance and capital availability.

Reports from cooperative conferences and seminars, both local and international, will provide concise, easy-to-read summaries of important issues.

Guest writers will provide their opinions on controversial issues.

reader participation, through a special 'forum' section will play an important part in the newsletter.

**To register your interest in the newsletter write/fax to Substituition Pty Ltd, PO Box 114, Malvern, 3144; Fax (03) 9576 1276.**

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## A doctrine of the "moment"

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provision for them had lain dormant on statute books for decades, this came from an understanding that pent up demand for consumer finance could be met through a 'self-help' program, since no other sections of the finance industry seemed interested.

More recently, some governments are encouraging the development of agricultural cooperatives as statutory authorities are dismantled. In all cases, the perceived needs of target groups at particular moments have been translated into public policy through the device of cooperation. There is no reason why this should not be on an ongoing basis.

Some cooperative commentators are perturbed by the loss to the cooperative sector of large or long-established cooperatives through corporate takeover or conversion to capitalist orthodoxy. Indeed, for enthusiasts of democratic enterprise, such losses are regrettable.

However, there is another way of looking at this. History suggests that the conversion of large cooperatives to capitalist orthodoxy may be as much a part of the cooperative experience as a broadening of the economic democratic base which they initially embodied.

This is not to say that takeover or conversion are inevitable for cooperatives upon reaching a critical stage of development, for no objective evidence exists to sustain such a view. However, the fact that cooperation has developed business or industry to a stage where it presents as an attractive target for takeover, or where members of a successful enterprise decide that cooperative structure is no longer relevant to their aspirations, can be seen as a positive achievement for cooperation.

Further, the fact that these cooperatives have achieved such scale and quality of operations is of considerable benefit to overall national economic development. Whether a cooperative remains democratic or not, finally, is a decision for members. Cooperative democracy does not, and cannot, preclude the possibility of members deciding to cease cooperating.

What has been more important in cooperative history is that new 'waves' of cooperative activity are being cultivated elsewhere in the economy, helping to rejuvenate the cooperative sector, replenishing their democratic presence in economic affairs. For example, in Australia as the Rochdale tradition began to fade, a 'new

wave' of cooperators appeared in the credit union movement, regenerating cooperative stocks. Constant replenishment of cooperative 'new growth' is as important as assisting established cooperatives.

Doctrines of unrestricted freedom in commerce in pursuit of private interests, in the context of Australia's many contemporary problems, implies risks in maintaining social cohesion. As governments recede from established roles in economic management and accent is given to competition policy, possibly new roles exist for cooperatives and the cooperative movement. An historic 'moment' may be presenting for public policy developers to revisit the cooperative option and rediscover applications for cooperative methods. Certainly, governments, as custodians of laws and administration in the interests of public well-being, have a responsibility to protect the vulnerable and define social obligations of ownership and control in industry.

History suggests that cooperation has much to offer in the regard.

**Copyright.**

**Dr Gary Lewis**

**1995. Canberra.**

### Communications

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## Conference Video

### 1995 Cooperative key Issues

#### Conference - Cooperatives managing change into the 21st century

During the recent conference in Sydney a range of sessions were video-taped. Selected excerpts from these recordings are available on VHS tape.

#### Video contents

Challenges and Opportunities for Co-ops in the 21st Century - Prof. Hans Munkner (Germany)

Revisions of Co-op Principles and *why they matter* - Prof. Ian MacPherson (Canada)

Competition Policy - Prof. Allan Fells. A view from the new head of the Australian Competition and Consumer Commission. Plus selections of other viewpoints.

Enterprising Nation Report (Karpin Report) - Geoff de Lacy. What managers should know.

#### North American Cooperative Experience

- Dr. Randall Torgerson

Can Environmental Values Be Made An Asset For Cooperatives - Paul Gilding

The Final Panel Discussion

Discussion between Professors Munkner and MacPherson, Dr. Gary Lewis and Paul Gilding

Round table discussion of Professors Munkner and MacPherson with *Community Co-ops*.

Other selected excerpts.

#### The producer

Merv Partridge has a long standing involvement with the cooperative movement and teaches video production in the School of Media and Journalism at the QUT. He has produced a range of corporate videos including *About Enterprise Centres* and *Cooperatives In Australia* (made with DEET in 1987). He has been continuously involved with both the commercial and community advancement streams of the cooperative movement since the early 1980's

serving as a director, officer or manager in consumer, financial and community advancement cooperatives. He has worked as a consultant on cooperative training and development issues to sector organisations and governments in QLD and NSW. He has also been a member of the Cooperative Education Strategies Group in SEQ. This group ran the Community Works Project which produced seminar videos on *World Best Practice In Cooperation* (Race Mathews), *Cooperative Micro-business Growth Techniques* (Jim Brown) and *Local Economic Development Strategies* (Peter Kenyon).

#### Cost

The cost structure offers discounts for volume purchases to facilitate wide distribution to members. Subject to sufficient demand customised options may be negotiated including videos of specific sessions or topics.

All enquiries to Merv Partridge on (07) 3870 2853 or 0414 642 460.